

**VENTERSDORP LOCAL MUNICIPALITY**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

**GENERAL INFORMATION**

**Members of Municipal Council**

**Mayor**

CN Lephoi

**Part Time Councilors**

M T Nkomo  
M M Mataboge  
E T Lekopa  
M M Mojahi  
V Patu  
B M B Mosepele  
A S Motladile  
A L Jones  
C N Mogwata

**Grading of Municipal Council**

Grade 2:       Determination of Upper Limits  
Grade 5:       Bargaining Council

**Auditors**

Office of the Auditor General  
Private Bag X 1204  
**POTCHEFSTROOM**  
2620

**Bankers**

ABSA Bank Ltd  
P O Box 151  
**VENTERSDORP**  
2710

**Registered Office**

Municipal Offices  
1 Van Tonder Crescent  
**VENTERSDORP**  
2710

Tel: 018 264 2051  
Fax: 018 264 2051  
E-mail: [admin@ventersdorp.co.za](mailto:admin@ventersdorp.co.za)

P O Box X 1010  
**VENTERSDORP**  
2710

**Municipal Manager**  
S A Sidu  
Bachelor of Social Science

**CERTIFIED AS CORRECT**

**DATE**

**Acting Chief Finance Officer**  
CWK Kgosiemang  
Bachelor of Commerce

**CERTIFIED AS CORRECT**

**DATE**

## ACTING CHIEF FINANCE OFFICER'S REPORT

### INTRODUCTION

I am pleased to present an overview of the past financial year's operating results. The report aims to provide information about the Municipal Council operations to help external parties make sound financial decisions. The Municipality ended the financial year with an operating deficit of (6 786, 294) as shown in appendix E of the statements.

### 1. Operating Results

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2007 are shown as follows:

<b>INCOME</b>	Actual 2006 R	Actual 2007 R	Variance 2006/2007 %	Budget R	Variance Actual /Budget %
Opening Surplus	15 458 221	8 166 519	28.30	67 249 152	-17.49
Income for the year	47 916 876	55 484 474	15.79		
Sundry Transfers	(2 578 643)	(9 603 474)			
	<b>60 796 463</b>	<b>54 047 866</b>		<b>67 249 952</b>	
<b>EXPENDITURE</b>					
Expenditure	68 962 981	62 271 115	-0.269	59 955 488	-3.86
Sundry Transfers	-	-			
Closing Surplus/ Deficit	(8 166 519)	(8 223 249)	0.069	7 294 464	
	<b>60 796 463</b>	<b>54 047 866</b>		<b>67 249 952</b>	

#### 1.1 Rates and General Services

	Actual 2006 R	Actual 2007 R	Variance 2006/2007 %	Budget 2007 R	Variance Actual/Budget %
Income	34 139 091	39 935 159	16.97	49 043 727	14.27
Expenditure	54 737 238	48 978 110	89.47	48 227 418	0.15
Surplus/Deficit	<b>(20 598 147)</b>	<b>(9 042 951)</b>		<b>816 309</b>	
Surplus/Deficit as % of total income	-60.33	26.43			

The actual expenditure increase in rates and general services are due to the amount provided for bad debts R 28 936 731 (2006/2007) R6 000 000.

## 1.2 Trading Services

The prices for the bulk purchase of electricity are subject to prescribed adjustment. The budgeted income was realized for both water and electricity services. Efforts are being taken to have strategies in place to collect outstanding arrears accounts. The following is a summary of the operating results of the trading services.

<b>Water Services</b>	Actual 2006 R	Actual 2007 R	Variance 2006/2007 %	Budget 2007 R	Variance Actual/Budget %
Income	2 786 586	3 205 044	15.01	3 343 750	(4.32)
Expenditure	3 644 502	1 974 160	(54.16)	2 460 306	(24.62)
Surplus/Deficit	<b>(857 916)</b>	<b>1 230 884</b>		<b>883 444</b>	<b>28.22</b>
Surplus/Deficit as % of total income	30.78	38.40		26.42	

<b>Electricity Services</b>	Actual 2006 R	Actual 2007 R	Variance 2006/2007 %	Budget 2007 R	Variance Actual/Budget %
Income	10 976 310	12 344 617	12.46	14 862 475	(20.39)
Expenditure	9 777 586	11 138 988	13.92	9 267 764	16.79
Surplus/Deficit	<b>1 198 724</b>	<b>1 205 629</b>		<b>5 594 711</b>	<b>(364.05)</b>
Surplus/Deficit as % of total income	10.92	9.76		37.64	

## 1.3 Housing Services

	Actual 2006 R	Actual 2007 R	Variance 2006/2007 %	Budget 2007 R	Variance Actual/Budget %
Income	14 889	-	0.00	-	-
Expenditure	-	179 857	0.00	-	-
Surplus/Deficit	<b>14 889</b>	<b>(179 857)</b>		-	-

In accordance with the stipulation of the Housing Act 107 of 1997, the net proceeds of the housing scheme must be transferred to operating account of the housing fund. The deficit represents the administrative costs to be allocated to the rate and general services.

## 2. Capital Expenditure and Financing

Expenditure on Fixed Assets during the year amounts to R 19 809 535. The actual expenditure consists of the following:

Description	Budget 2007	Actual 2006	Actual 2007
Community Services	26 504 986	2 219 009	16 705 331
Subsidized Services	440 010	420 647	2 069 499
Economic Services	-	43 100	-
Electricity Services	830 000	1 904 324	840 238
Water services	2 413 210	206 535	194 467
	<b>30 188 206</b>	<b>4 793 615</b>	<b>19 809 535</b>

An analysis of the capital expenditure (Budget and Actual) per department and classification of services is included in appendix C. More details regarding external loans previously used to finance fixed assets are shown in appendix B.

## 3. External Loans, Investments and Cash

External loans outstanding on 30 June 2007 amounted to R 17 952 590 (617 112 in 2006) as set out in appendix B. During the year, loans to the amount of R 196 432 were repaid. Loans to the amount of R 17 531 912 were acquired during the year.

Investment and cash were as follows:

Current bank account	(8 570 851)
Cash on hand	3 650
Investments	10 491 333
	<b>1 924 132</b>

The decrease on investment balance is due to payments on projects that were completed during the year. More information regarding loans and investments are disclosed in note 3 and 6 and appendix B to the financial statements.

## 4. Funds and Reserves

The total of all funds and reserves of Council amounted to R 16 234 056 at 30 June 2007. More information regarding funds and reserves is disclosed in note 1 and 2 and appendix A of the financial statements.

<b>Funds</b>	<b>R</b>
Statutory funds	14 259 616
Trust funds	1 816 462
Reserves	157 978
<b>Total</b>	<b>16 234 056</b>

## **5. Post Balance Sheet Events**

After the Balance Sheet was finalized, no additional information was received which could have had an effect on the financial statements.

## **6. Acknowledgement**

A special word of thanks to the Municipal Council/ Mayor, Municipal Manager, Senior Managers and the finance staff for their inputs in the compilation of the financial statements.

**VENTERSDORP LOCAL MUNICIPALITY**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**  
**ACCOUNTING POLICIES**

**1. Basis of presentation**

1.1 These Financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasures and Accounts in its Code of Practice (1997) and Reports on Published Annual Financial Statements (Second Edition- April 1997).

1.2 The financial statements are prepared on the historical cost basis and adjusted for fixed assets, as set out in accounting policy, note 3. The accounting policies are consistent with those applied in the previous year, except where otherwise indicated.

1.3 The financial statements are prepared according to the accrual basis:

- Income is accrued when measurable and available to finance operations. Certain direct income, such as traffic fines and certain licenses, is accrued when received.
- Expenditure is accrued in the year it is incurred.

**2. Consolidation**

The financial statements include Rates and General Services, Housing Services, Trading Services and the different funds, reserves and provisions. All interdepartmental transactions are set-off against one another, with the exception of assessment rates, electricity, refuse removal and water, which are treated as income and expenditure in the respective departments.

**3. Fixed Assets**

3.1 Fixed Assets are stated:

- At historical cost, or
- At valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written – off at the end of their estimated life as determined by the director of finance or the assets management policy.

## **VENTERSDORP LOCAL MUNICIPALITY**

### **FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

#### **3.2 Depreciation**

The balance shown in the heading “Loans Redeemed and Other Capital Receipt” in the notes to the balance is tantamount to a provision for depreciation; however certain structural differences do exist. By way of these provisions assets are written off over their estimated useful life’s, apart from advances from the various council funds, assets may also be acquired through:

- Appropriations from income, where the full cost of the assets forms an immediate and direct charge against the operating income and it is therefore unnecessary to make any further provision for depreciation .
- Grants and donations, where the amount representing the value of such a grant or donation is immediately credited to the “Loans Redeemed and Other Capital Receipts” account.

3.3 All net proceeds from the sale of movable property are credited to the Land Trust fund. Net proceeds from the sale of all fixed assets are credited to the Capital Development fund.

3.4 Fixed assets are financed from different sources, including external loans and operating income. These loans are repaid within the estimated lives of the assets acquired from such loans. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

#### **4. Inventory**

Inventory is valued at the lower of cost, determined on the weighed average basis, and net realizable value.

#### **5. Funds and reserves**

##### **5.1 Capital Development Fund**

The Ordinance on Capital Development Funds, no 20 of 1974, requires a minimum contribution to the fund of 1% of the total income of the year.



## **VENTERSDORP LOCAL MUNICIPALITY**

### **FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

#### **5.2 Land Trust Funds**

The Land trust funds is used to finance the acquisition of land for Housing Development projects, when land owned by the council is sold, all proceeds are credited to the fund.

#### **6. Provisions**

Provisions are made to meet liabilities or contingencies, known at the time of the balance sheet, but for which the amounts concerned cannot be estimated with reasonable certainty.

#### **7. Retirement Benefits**

Council and its employees contribute to the Transvaal Municipal Gratuity Fund, Sala, and National Fund for Municipal Workers and Samwu provident fund. These funds provide retirement benefits to its employees. The retirement benefit plan is subject to the Pension Funds Act 1956 with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current services costs. Unfavorable experience adjustment and the costs of securing increased benefits are written off over the lesser of the remaining period of service of employees or five years. Favorable experience adjustments are retained in the retirement benefit plan. Full actuarial valuations are performed every three years.

#### **8. Surpluses and deficits**

Any surpluses or deficits arising from the operation of the electricity and water services are transferred to Rates and General Services to alleviate the tax burden of ratepayers.

#### **9. Treatment of administration and other overhead expenses**

Administration expenses are recharged to the various services on the basis of estimated time spent and cost of facilities used.

**VENTERSDORP LOCAL MUNICIPALITY**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

**10. Investments**

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred. Investments are made in accordance with Ordinance 8 of 1962 and per circular issued by Provincial Administration – Community Service Branch.

**11. Income recognition**

**11.1 Electricity and water billings**

All electricity and water meters are read and invoiced on a monthly basis. If a reading cannot be obtained and estimated reading, based on the average consumption is made. Income is recognized on the date when invoicing is done.

**11.2 Assessment rates**

The rating system consists of a rating on site value.

**11.3 Other income**

Income from services like refuse removal and sewerage are recognized as soon as such services are debited against the accounts. Income from smaller services licenses or monies are recognized when they are paid.

**12. Provision for bad debts**

The council made provisions for the financial year under review for the amount of R6 000 000. If the bad debts exceed the above mentioned amount it will be taken into account against the appropriation account.

**13. Provision for accumulated leave pay**

Council policy makes provision for accumulated leave at 10% of the total value of Accumulated leave at year end.

# VENTERSDORP LOCAL MUNICIPALITY

## BALANCE SHEET AS AT 30 JUNE 2007

	Note	2006/2007 R	2005/2006 R
<b><i>CAPITAL EMPLOYED</i></b>			
<b>FUNDS AND RESERVES</b>		16 134 056	18 765 379
Statutory Funds	1	16 076 078	18 707 401
Reserves	2	57 978	57 978
Retained Earnings	16	(24 556 287)	(8 166 519)
		(8 422 231)	10 598 860
<b>TRUST FUNDS</b>		19 085 764	1 599 143
Long term liabilities	3	17 883 319	547 840
Consumer deposits	4	1 202 445	1 051 303
		<b>10 663 533</b>	<b>12 198 004</b>
<b><i>EMPLOYMENT OF CAPITAL</i></b>			
Fixed assets	5	16 563 834	10 155 295
Long term debtors	7	15 750 746	7 604 249
		813 088	2 551 046
<b>Nett current assets</b>		(5 900 301)	2 042 709
<b>Current assets</b>		20 420 533	20 847 002
Inventory	8	660 356	427 158
Investments	6	10 491 333	19 104 596
Debtors	9	9 265 194	1 311 598
Petty Cash		3 650	3 650
<b>Current liabilities</b>		26 320 834	18 804 293
Bank Overdraft		8 570 851	5 929 304
Creditors	11	17 085 272	11 856 908
Provisions	10	595 439	948 810
Long Term Liabilities: Short Term Portion	3	69 272	69 272
		<b>10 663 533</b>	<b>12 198 004</b>

# VENTERSDORP LOCAL MUNICIPALITY

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

*(Also refer to appendix E)*

2005/2006 Actual Income R	2005/2006 Actual Expenditure R	2005/2006 Surplus/ (Deficit) R		2006/2007 Actual Income R	2006/2007 Actual Expenditure R	2006/2007 Surplus/ (Deficit) R	2006/2007 Budget Surplus/ (Deficit) R
34 139 091	54 737 237	(20 598 146)	<b>RATES AND GENERAL SERVICES</b>	39 935 159	48 978 110	(9 042 950)	1 440 309
30 134 485	48 331 174	(18 196 689)	<b>Community Services</b>	35 451 917	41 463 398	(6 011 481)	4 338 063
118 131	4 012 589	(3 894 459)	<b>Subsidised Services</b>	311 351	5 408 535	(5 097 184)	(4 496 486)
3 886 475	2 393 474	1 493 001	<b>Economic Services</b>	4 171 891	2 106 176	2 065 715	1 598 732
14 889	-	14 889	<b>HOUSING SERVICES</b>	-	179 857	(179 857)	-
13 762 896	13 422 087	340 808	<b>TRADING SERVICES</b>	15 549 661	13 113 148	2 436 513	5 854 155
-	803 657	(803 657)	<b>VEHICLE EXPENSES</b>	-	-	-	-
<b>47 916 876</b>	<b>68 962 981</b>	<b>(21 046 106)</b>	<b>TOTAL</b>	<b>55 484 821</b>	<b>62 271 115</b>	<b>(6 786 294)</b>	<b>7 294 464</b>
		(2 578 634)	<b>Appropriations for the year (note 16)</b>			(9 603 474)	
		(23 624 740)	<b>Net Surplus for the year</b>			(16 389 768)	
	15 458 221		<b>Accumulated Surplus/(Deficit) beginning of the year</b>			(8 166 519)	
	<b>(8 166 519)</b>		<b>ACCUMULATED SURPLUS AT THE END OF THE YEAR</b>			<b>(24 556 287)</b>	

# VENTERSDORP LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2006/2007 R	2005/2006 R
<b>Cash retained from operating activities</b>		<b>(6 083 537)</b>	<b>14 501 306</b>
Cash generated by operations	17	(13 346 100)	(14 788 380)
Investment income	15	316 853	504 795
Less: External interest paid	15	(159 247)	(93 006)
(Increase)/decrease in working capital	18	7 104 957	28 877 897
<b>Cash available from operations</b>		<b>(6 083 537)</b>	<b>14 501 306</b>
<b>Cash utilised in investing activities</b>		<b>(9 925 080)</b>	<b>(4 136 995)</b>
(Increase)/decrease in long-term debtors	22	1 737 958	(2 210 380)
Investment in fixed assets		(11 663 038)	(1 926 615)
<b>Net cash flow</b>		<b>(16 008 616)</b>	<b>10 364 311</b>
<b>Cash effects of financing activities</b>		<b>16 008 616</b>	<b>(10 364 311)</b>
(Increase)/decrease in long-term loans	19	17 335 480	(477 620)
(Increase)/decrease in cash investments	20	(3 817 269)	(8 987 088)
(Increase)/decrease in consumer deposits	23	(151 142)	(298 329)
Increase/(decrease) in bank overdraft	21	2 641 547	(601 274)
<b>Net cash (generated)/utilised</b>		<b>16 008 616</b>	<b>(10 364 311)</b>

# VENTERSDORP LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### REPORT OF THE CHIEF FINANCIAL OFFICER

I am pleased to present an overview of the past financial year's operating results. The Municipality ended the financial year with an operating deficit of R 21 046 106. This is mainly due to the provision for bad debts. An amount of R 23 019 718 was provided and that includes all debtors outstanding for more than 90 days. The previous financial year only an amount of R 3 000 000 was provided.

#### 1. Operating results

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2006 are as follows:

<b>INCOME</b>	<i>Actual 2005</i>	<i>Actual 2006</i>	<i>Variance 2005/06</i>	<i>Budget 2006</i>	<i>Variance Actual/ budget %</i>
	R	R	%	R	
Opening Surplus	15 458 221	(8 166 519)	-152.83%		
Income for the year	47 916 876	55 484 820	15.79%	67 249 952	-17.49%
Sundry transfers	0	(9 603 474)			
	63 375 097	37 714 827		67 249 952	
<b>EXPENDITURE</b>					
Expenditure	67 942 880	62 271 114	-8.35%	59 955 488	3.86%
Sundry transfers	1 126 694		-100.00%		
Closing Surplus/(Deficit)	(8 166 519)	(24 556 287)	200.69%	(1 100 150)	
	60 903 055	37 714 827		58 855 338	

#### 1.1 Rates and General Services

	<i>Actual 2005</i>	<i>Actual 2006</i>	<i>Variance 2005/06</i>	<i>Budget 2006</i>	<i>Variance Actual/ Budget %</i>
	R	R	%	R	%
Income	34 139 091	40 246 510	17.89%	47 381 702	-15.06%
Expenditure	54 737 237	48 978 110	-10.52%	(50 437 879)	-197.11%
Surplus / (Deficit)	(20 598 146)	(8 731 600)		(3 056 177)	
Surplus / (Deficit) as % of total Income	-60.34%	-21.70%			

The actual expenditure increase in rates and general services are due to the amount provided for bad debts of R23 019 718 (2004/2005 - R3 000 000).

#### 1.2 Trading Services

The prices for the bulk purchases of electricity are subject to prescribed adjustments. The budgeted income was realised for both water and electricity services. Efforts are being taken to have positive strategies in place to collect outstanding arrear accounts.

The following is a summary of the operating results of the trading services:

<b><u>Water Services</u></b>	<i>Actual 2005</i>	<i>Actual 2006</i>	<i>Variance 2005/06</i>	<i>Budget 2006</i>	<i>Variance Actual/ Budget %</i>
	R	R	%	R	%
Income	2 786 586	3 205 044	15.02%	2 815 250	13.85%
Expenditure	3 644 502	1 974 160	-45.83%	(2 003 806)	-198.52%
Surplus / (Deficit)	( 857 916)	1 230 884		811 444	
Surplus / (Deficit) as % of total Income	-30.79%	38.40%			
<b><u>Electricity Services</u></b>	<i>Actual 2005</i>	<i>Actual 2006</i>	<i>Variance 2005/06</i>	<i>Budget 2006</i>	<i>Variance Actual/ Budget %</i>
	R	R	%	R	%
Income	10 976 310	12 344 617	12.47%	13 179 200	-6.33%
Expenditure	9 777 586	11 138 988	13.92%	(8 136 489)	-236.90%
Surplus / (Deficit)	1 198 724	1 205 629		5 042 711	
Surplus / (Deficit) as % of total Income	10.92%	9.77%			

### 1.3 Housing Services

	<i>Actual 2005</i>	<i>Actual 2006</i>	<i>Variance 2005/06</i>	<i>Budget 2006</i>	<i>Variance Actual/ Budget %</i>
	R	R	%	R	
Income	14 889	-	-100.00%	-	0.00%
Expenditure	0	179 857	0.00%	0	#DIV/0!
Surplus / (Deficit)	14 889	( 179 857)		0	

In accordance with the stipulation of the Housing Act ( Act 107 of 1997), the net proceeds of the housing scheme must be transferred to operating account of the Housing Fund. The deficit represents the administration cost to be allocated to the Rate and General Services.

## 2. Capital expenditure and financing

The expenditure on fixed assets during the year amounted to R 4 793 615. The actual expenditure consists of the following:

Description	Budget 2006	Actual 2005	Actual 2006
Community services	26 504 986	1 521 763	16 705 331
Subsidised services	440 010	195 999	2 069 499
Economic services	1	-	0
Electricity services	830 000	597 512	840 238
Water services	2 413 210	-	194 467
	30 188 207	2 315 274	19 809 535

An analysis of the capital expenditure (budget and actual) per department and classification of service is included in Appendix C. More details regarding external loans previously used to finance fixed assets are shown in Appendix B

## 3. External loans, investments and cash

External loans outstanding on 30 June 2006 amounted to R 617 112 ( R 1 094 733 in 2005) as set out in appendix B. During the year loans to the amount of R 477 620 were repaid. No new loans were acquired during the year.

Investments and cash were as follows:

	R
Current bank account	(8 570 851)
Cash on hand	3 650
Investments	10 491 333
	1 924 132

More information regarding loans and investments are disclosed in the notes (3 and 6) and appendix B to the financial statements.

## 4. Funds and reserves

The total of all funds and reserves of the Council amounted to R 18 765 379 at 30 June 2006. More information regarding funds and reserves are disclosed in the notes (1 and 2) and appendix A to the financial statements.

Fund	R
Statutory Funds	14 259 616
Trust Funds	1 816 462
Reserves	57 978
Total	16 134 056

## 5. Post balance sheet events

After the Balance Sheet was finalised no additional information was received that could have had an effect on the affairs reflected.

## 6. Expression of appreciation

I am grateful to the mayor, councillors, the municipal manager, heads of departments and the staff of my own department for their continued support during the year.

L.A.Makgale  
**CHIEF FINANCIAL OFFICER**  
**VENTERSDORP LOCAL MUNICIPALITY**  
 28 August 2006

# VENTERSDORP LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2006/2007 R	2005/2006 R
<b>1. Statutory funds</b>		
Capital Development Fund	130 377	2 644 205
Land Trust Fund	1 816 462	2 602 585
Housing Fund	14 313 747	13 645 119
Township Development Fund	(184 508)	(184 508)
	<u>16 076 078</u>	<u>18 707 401</u>
(Refer to appendix "A" for more detail)		
<b>2. Reserves</b>		
Library	(28 967)	(28 967)
Loss of Rental Fund	23 585	23 585
Repairs and maintenance	58 725	58 725
Road Subsidy	4 636	4 636
	<u>57 978</u>	<u>57 978</u>
(Refer to appendix "A" for more detail)		
<b>3. Long-term liabilities</b>		
Local Government Loan Fund: DBSA	17 787 522	329 890
Financial Institutions: ABSA & Standard Bank	165 069	287 222
Less: Short Term Portion	(69 272)	(69 272)
	<u>17 883 319</u>	<u>547 840</u>
(Refer to appendix "B" for more detail)		
Loans bear interest at rates of between 10% - 17% per annum and should be fully redeemed over 1 - 6 years		
<b>4. Consumer deposits</b>		
Electricity and Water	1 202 445	1 051 303
	<u>1 202 445</u>	<u>1 051 303</u>



**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007**

	2006/2007 R	2005/2006 R
<b>5. Fixed assets</b>		
Fixed Assets at the beginning of the year	27 902 572	23 108 957
Fixed Assets acquired during the year	19 809 535	4 793 615
Less: Fixed Assets written off, transferred or sold		
Total Fixed Assets	<u>47 712 107</u>	<u>27 902 572</u>
Less: loans redeemed and other capital receipts	<u>(31 961 361)</u>	<u>(20 298 323)</u>
Nett Fixed Assets	<u>15 750 746</u>	<u>7 604 249</u>

(Refer to Appendix "C" for more detail).

**6. Investments**

Unlisted Investments

Fixed Deposits

- ABSA: 8074375155	4 681	620 181
- ABSA: 9055475784	2 239 693	246 938
- ABSA: 34349789		7 446 814
- ABSA: 2065520241		1 820 731
- ABSA: 2065046594	5 846 959	7 348 093
- INCA	<u>2 400 000</u>	<u>1 621 839</u>
	<u>10 491 333</u>	<u>19 104 596</u>

Council valuation of unlisted investments

10 491 333

19 104 596

Average gross rate of return on investments

3,31%

3,70%

Circular no. 25 issued by the Provincial Legislature requires Local Authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investments at a penalty rate to meet commitments.

**7. Long term debtors**

Sundry Loans	234 729	259 913
Project Debtors	<u>578 359</u>	<u>2 291 133</u>
	<u>813 088</u>	<u>2 551 046</u>

**8. Inventory**

Inventory	<u>660 356</u>	<u>427 158</u>
	<u>660 356</u>	<u>427 158</u>

Inventories to the amount of R63 982 has been written off as these items were obsolete.

**9. Consumer debtors**

Consumer debtors	35 341 649	24 331 316
Suspense Accounts	2 860 276	
Less: Provision for Bad Debts	<u>(28 936 731)</u>	<u>(23 019 718)</u>
	<u>9 265 194</u>	<u>1 311 598</u>
Ageing of debtors		
Current and 30 Days	2 083 738	558 942
60 Days	1 113 211	752 656
90 Days plus	<u>28 549 465</u>	<u>23 019 718</u>
	<u>31 746 414</u>	<u>24 331 316</u>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007**

	2006/2007 R	2005/2006 R
<b>10. Provisions</b>		
Leave provision	595 439	948 810
	<u>595 439</u>	<u>948 810</u>

An amount equal to 100% of the actual monetary value of all employees leave accrued as at 30 June 2006 is accounted for.

**11. Creditors**

Trade Creditors	2 153 080	151 515
Suspense Creditors	8 447 370	5 433 338
Suspense Creditors: VAT	1 912 554	(1 039 535)
Other Creditors	4 572 268	(483 861)
Unallocated Deposits		7 795 452

	2006/2007	2005/2006
<b>12. Allowances of political office bearers</b>		
Mayor's Allowance	420 429	34 390
Councillor's Allowances	1 174 248	602 597
Director's Remuneration	2 700 000	1 230 357
Municipal Manager	600 000	448 459
	<u>4 894 677</u>	<u>636 987</u>

These salaries, allowances and benefits are within the upper limits of the framework envisaged in section 219 of the Constitution.

**Consumer accounts - Councillors**

The following Councillors' consumer account were in arrears as at 30 June 2006:

Velile Patu	2 491	1 301
Kereng Stoffel Moeng	1 666	672
	<u>4 157</u>	<u>1 973</u>

**13. Auditors' remuneration**

Audit fees	25 566	605 427
	<u>25 566</u>	<u>605 427</u>

# VENTERSDORP LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2006/2007 R	2005/2006 R
<b>14. Financial transactions</b>		
<b>Total External Interest earned or Paid</b>		
Interest earned	<u>316 853</u>	<u>504 795</u>
Interest paid	<u>159 247</u>	<u>93 006</u>
<b><i>Capital charges debited to operating account</i></b>		
Interest : External	159 247	93 006
Interest: Internal	-	-
Redemption: External	196 432	477 620
Redemption: Internal	-	-
	<u><b>355 679</b></u>	<u><b>570 626</b></u>
<b>15. Appropriations</b>		
<b>Appropriation Account</b>		
Accumulated Surplus at the beginning of the year	(8 166 519)	15 458 221
Deficit for the year	(6 786 294)	(21 046 106)
Appropriations for the year	(9 603 474)	(2 578 634)
Prior year adjustments opening balance	-	(2 713 024)
Current year adjustments	(9 603 474)	134 390
<b>Accumulated Surplus at the end of the year</b>	<u><b>(24 556 287)</b></u>	<u><b>(8 166 519)</b></u>

# VENTERSDORP LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2006/2007 R	2005/2006 R
<b>16. Cash generated by operations</b>		
Surplus (Deficit) for the year	(6 786 294)	(21 046 106)
Adjustments in respect of previous years		(2 713 024)
Adjustments in respect of the current year	(9 603 474)	134 390
<b>Appropriations Charged against income</b>	<b>5 720 581</b>	<b>1 105 720</b>
Reserves	-	10 093
Opening balance reserves and statutory funds	-	-
Provisions - increase/(decrease)	5 917 013	(353 368)
Housing development fund	-	-
Loans Redeemed	(196 432)	-
Loans redeemed Opening balance	-	-
Fixed Assets - contributions ex-operating income	-	1 448 995
	<b>(10 669 187)</b>	<b>(22 519 020)</b>
<b>Capital charges</b>	<b>355 679</b>	<b>570 626</b>
<i>Interest paid</i>	<b>159 247</b>	93 006
Internal funds	-	-
External loans	159 247	93 006
<b>Redemption paid</b>	<b>196 432</b>	<b>477 620</b>
Redemption: Internal	-	-
Redemption: External	196 432	477 620
<b>Non Operating Income &amp; Expenses</b>	<b>(3 032 592)</b>	<b>7 160 014</b>
Capital Development Fund	(2 513 828)	490 000
Housing Development Fund	668 628	8 969 932
Library Reserve		(15 199)
Projects - nett	(401 269)	(2 291 880)
Land Trust Fund	(786 123)	7 161
Cash generated from operations	<b>(13 346 100)</b>	<b>(14 788 380)</b>
<b>17. Changes in working capital</b>		
(Increase)/Decrease in stock	(233 198)	(61 222)
(Increase)/Decrease in Debtors	(7 953 596)	(3 626 791)
(Increase)/Decrease in Debtors-Opening Balances	10 000 388	-
Increase/(Decrease) in creditors	5 228 364	1 270 496
Increase/(Decrease) in Creditors-Opening Balances	63 000	-
	<b>7 104 957</b>	<b>(2 417 517)</b>
<b>18. Movement in long-term loans(External)</b>		
Loans made	17 531 912	530 653
Loans repaid	(196 432)	(598 931)
	<b>17 335 480</b>	<b>(68 278)</b>
<b>19. Movements in External Investments</b>		
Nett investments made	<b>3 817 269</b>	<b>5 442 497</b>
<b>20. Movement in cash on hand</b>		
Bank balance-Beginning of the financial year	(5 929 304)	(4 800 733)
Less: Cash balances at the end of the year	(8 570 851)	(5 929 304)
	<b>2 641 547</b>	<b>1 128 571</b>
<b>21. Movement in Longterm debtors</b>		
Net Movement in long term debtors	(1 737 958)	(60 105)
Long term debtors opening balances	-	-
	<b>(1 737 958)</b>	<b>(60 105)</b>
<b>22. Movement in consumer deposits</b>		
Net movement consumer deposits	(151 142)	(161 987)
	<b>(151 142)</b>	<b>(161 987)</b>

# VENTERSDORP LOCAL MUNICIPALITY

**30 June 2007**

## APPENDIX A

### Accumulated Funds, Trust Funds and Reserves

<b>Statutory Funds</b>	<b>Balance at 2006/06/30 R</b>	<b>Contributions during the year R</b>	<b>Interest on Investments R</b>	<b>Other Income R</b>	<b>Written off during the year R</b>	<b>Expenditure during the year R</b>	<b>Balance at 2007/06/30 R</b>
Capital Development Fund	2 644 205					2 513 828	130 377
Housing Development Fund	13 645 119			668 628			14 313 747
Land Trust Fund	2 602 585					786 123	1 816 462
Township Development Account	(184 508)		-				(184 508)
	18 707 401	-	-	668 628	-	3 299 951	16 076 078
<b>Reserves</b>							
Library	-28 967		-				(28 967)
Loss on Rental Reserve	23 585						23 585
Repairs and Maintenance	58 725						58 725
Road Subsidy	4 636						4 636
	57 978		-	-	-	-	57 978

# VENTERSDORP LOCAL MUNICIPALITY

30 JUNE 2007

## APPENDIX B

### EXTERNAL LOANS

	Balance at 30/6/2006	Received during the year	Redeemed/Write off during the year	Balance at 30/6/2007
	R	R	R	R
<b>EXTERNAL LOANS</b>				
<b>Annuity loans: Development Bank</b>				
<b>Issued                      Loan no.    Redeemable</b>				
<u>1981@10,05%    13030/1    2011</u>	329 890		23 076	306 814
<u>10559/102 SDM Water Resvoir</u>	-		51 204	(51 204)
<u>DBSA Offices/Corporate</u>		1 781 912		1 781 912
<u>Inca Loan</u>	-	7 750 000		7 750 000
<u>Inca Loan Statement of fin position</u>	-	8 000 000		8 000 000
<b>Sub total</b>	<b>329 890</b>	<b>17 531 912</b>	<b>74 280</b>	<b>17 787 522</b>
<b>Loans and Leases: ABSA</b>				
<u>1991@14,40%    3008173082    2006</u>	-			-
<u>2002@14,95%    3009331889    2007</u>	26 172		26 172	
<u>2003@16,83%    6080 9963    2007</u>	33 768		24 669	9 099
<u>2002@12,99%    5839 4900    2006</u>	-			
<u>2004@10,82%    6564 8984    2009</u>	45 606		15 314	30 292
<b>Leases: Standard Bank</b>				
<u>2005@11,15%    303375420014    2010</u>	89 480		26 619	62 860
<u>2005@11,15%    303375420013    2010</u>	89 480		26 619	62 860
<u>2003@11,39%    303375420012    2007</u>	2 717		2 759	(43)
<b>Sub total</b>	<b>287 222</b>	<b>-</b>	<b>122 152</b>	<b>165 068</b>
<b>TOTAL EXTERNAL LOANS</b>	<b>617 112</b>	<b>17 531 912</b>	<b>196 432</b>	<b>17 952 590</b>

# VENTERSDORP LOCAL MUNICIPALITY

**30 JUNE 2007**

## APPENDIX C

### ANALYSIS OF FIXED ASSETS

Purchases		Budget	Balance	Expenditure	Written off/ Transferred	Balance
2006 R		2007 R	2006 R	2007 R	2007 R	2007 R
<b>2 682 756</b>	<b>Rates and General Services</b>	<b>26 944 996</b>	<b>16 151 854</b>	<b>18 774 830</b>	<b>-</b>	<b>34 926 684</b>
<b>2 219 009</b>	<b>Community Services</b>	<b>26 504 986</b>	<b>9 748 461</b>	<b>16 705 331</b>	<b>-</b>	<b>26 453 792</b>
5 960	Health Service-Community	36 500	25 428			25 428
	Health Services-Clinic	13 200	53 071			53 071
200 058	Council-General	40 000	1 715 064	26 148		1 741 212
	Municipal Buildings	1 800 001	845 805	2 617 222		3 463 027
1 063 797	Community Services		1 069 449			1 069 449
	Engineering Services		-			-
	Workshops		24 447			24 447
132 174	Public Works	12 070 000	3 778 954	14 057 448		17 836 402
19 380	Municipal Manager	120 002	69 941	4 513		74 454
365 470	Corporate Services	10 956 700	520 193			520 193
131 750	Traffic & Licences	458 582	214 777			214 777
300 421	Finance	1	461 999			461 999
	Fixed Properties	1 010 000	969 334			969 334
<b>420 647</b>	<b>Subsidised Services</b>	<b>440 010</b>	<b>1 195 205</b>	<b>2 069 499</b>	<b>-</b>	<b>3 264 704</b>
	Cemetery	1	16 556			16 556
136 354	Fire Department	8	286 649	1 623 938		1 910 587
34 319	Library	440 000	153 260	421 427		574 687
249 974	Parks and Recreations	1	738 740	24 134		762 874
<b>43 100</b>	<b>Economic Services</b>	<b>1</b>	<b>5 208 188</b>	<b>-</b>	<b>-</b>	<b>5 208 188</b>
	Refuse		360 773			360 773
43 100	Sewerage	1	4 847 415			4 847 415
<b>-</b>	<b>Housing Services</b>	<b>-</b>	<b>2 198 271</b>	<b>-</b>	<b>-</b>	<b>2 198 271</b>
	Sub-economic housing		2 198 271			2 198 271
<b>2 110 858</b>	<b>Trading Services</b>	<b>3 243 210</b>	<b>9 552 446</b>	<b>1 034 705</b>	<b>-</b>	<b>10 587 151</b>
206 535	Water	2 413 210	2 485 050	194 467		2 679 517
1 904 324	Electricity	830 000	7 067 397	840 238		7 907 635
<b>4 793 615</b>	<b>TOTAL FIXED ASSETS</b>	<b>30 188 206</b>	<b>27 902 572</b>	<b>19 809 535</b>	<b>-</b>	<b>47 712 107</b>
<b>-</b>	<b>Less: loans redeemed and other capital receipts</b>	<b>-</b>	<b>20 298 323</b>	<b>11 663 038</b>	<b>-</b>	<b>31 961 361</b>
-	Loans redeemed and advances repaid		5 994 726	196 432		6 191 158
-	Contributions ex operating income		5 195 110	-		5 195 110
-	Provisions and Reserves		337 126	2 513 828		2 850 954
-	Land Trust Funds		521 806	786 123		1 307 929
-	Township Development Funds		46 202			46 202
-	Government Contributions		1 064 583	6 542 717		7 607 300
-	Public Contributions		2 147 545			2 147 545
-	District Council		4 991 226	1 623 938		6 615 164
<b>4 793 615</b>	<b>Net Fixed Assets</b>	<b>30 188 206</b>	<b>7 604 248</b>	<b>8 146 497</b>	<b>-</b>	<b>15 750 745</b>

# **VENTERSDORP LOCAL MUNICIPALITY**

**30 JUNE 2007**

## **ANALYSIS OF OPERATING INCOME AND EXPENDITURE**

### **APPENDIX D**

<b>ACTUAL 2005/2006 R</b>		<b>ACTUAL 2006/2007 R</b>	<b>BUDGET 2006/2007 R</b>
	<b>Income</b>		
27 609 625	Government & Provincial Grants and subsidies	19 384 417	24 913 827
	Income from Tariffs, Service Charges etc.		
2 657 880	Assessment Rates	2 666 388	2 148 772
10 976 310	Electricity	12 326 974	13 179 200
2 786 586	Water	3 192 621	2 815 250
3 886 475	Other Services Charges	4 183 858	3 873 800
	Other Income	13 730 562	20 319 103
<b>47 916 876</b>	<b>Gross Income</b>	<b>55 484 820</b>	<b>67 249 952</b>
<b>ACTUAL 2005/2006 R</b>	<b>Expenditure</b>		
15 281 161	Salaries Wages and Allowances	22 663 372	23 271 149
49 795 932	General Expenses	37 831 301	34 705 439
1 543 736	Repairs and Maintenance	1 420 762	1 572 900
89 500	Capital Charges	355 679	406 000
1 448 995	Contributions to Capital Outlay		
803 657	Vehicle expenses		
<b>68 962 981</b>	<b>Gross Expenditure</b>	<b>62 271 114</b>	<b>59 955 488</b>
(1 020 101)	Less: Amounts Charged Out		
<b>67 942 880</b>	<b>Nett Expenditure</b>	<b>62 271 114</b>	<b>59 955 488</b>



# VENTERSDORP LOCAL MUNICIPALITY

## APPENDIX E

### DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual Income 2005/2006 R	Actual Expenditure 2005/2006 R	Surplus/ (Deficit) 2005/2006 R		Actual Income 2006/2007 R	Actual Expenditure 2006/2007 R	Surplus/ (Deficit) 2006/2007 R	Budget Surplus / (Deficit) 2006/2007 R
<b>30 134 485</b>	<b>48 331 174</b>	<b>(18 196 689)</b>	<b>Rates and General Services</b>	<b>35 763 268</b>	<b>46 871 933</b>	<b>(11 108 665)</b>	<b>(158 423)</b>
<b>30 134 485</b>	<b>48 331 174</b>	<b>(18 196 689)</b>	<b>Community Services</b>	<b>35 451 917</b>	<b>41 463 398</b>	<b>(6 011 481)</b>	<b>4 338 063</b>
2 657 880	-	2 657 880	Assessment rates	2 666 388	-	2 666 388	2 148 772
-	2 011 250	(2 011 250)	Council General	700 454	3 660 648	(2 960 194)	966 018
-	3 683 581	(3 683 581)	Corporate Support Services	570 799	9 075 421	(8 504 622)	(4 182 529)
-	2 546 419	(2 546 419)	Community Services	-	2 224 738	(2 224 738)	(2 818 282)
9 473 863	7 001 801	2 472 061	Traffic Services	8 095 112	5 502 679	2 592 433	3 323 893
215 384	791 697	(576 314)	Health and Environmental Health	1 032 736	943 539	89 197	(309 111)
-	703 280	(703 280)	Municipal manager	-	3 827 863	(3 827 863)	(2 547 969)
17 780 269	29 787 522	(12 007 253)	Treasurer	20 233 176	14 295 166	5 938 010	3 595 732
			Development and Planning	625	861 456	(860 831)	(1 054 276)
7 090	1 805 622	(1 798 532)	Public Works	2 152 627	1 071 888	1 080 739	5 215 815
<b>118 131</b>	<b>4 012 589</b>	<b>(3 894 459)</b>	<b>Subsidised Services</b>	<b>311 351</b>	<b>5 408 535</b>	<b>(5 097 184)</b>	<b>(4 496 486)</b>
80 234	170 612	(90 378)	Cemetery	77 938	161 962	(84 024)	(210 195)
11 285	1 003 714	(992 429)	Estates	-	-	-	8 500
1 345	707 229	(705 884)	Library	206 065	607 149	(401 084)	(566 082)
-	714 813	(714 813)	Fire Department	-	697 112	(697 112)	(727 161)
12 938	5 000	7 938	Municipal Buildings	17 805	1 197 300	(1 179 495)	(790 600)
12 329	1 411 222	(1 398 893)	Parks and Recreation	9 543	2 745 012	(2 735 469)	(2 210 948)
<b>3 886 475</b>	<b>2 393 474</b>	<b>1 493 001</b>	<b>Economic Services</b>	<b>4 171 891</b>	<b>2 106 176</b>	<b>2 065 715</b>	<b>1 598 732</b>
3 886 475	2 393 474	1 493 001	Sanitation and Refuse	4 171 891	2 106 176	2 065 715	1 598 732
<b>14 889</b>	<b>-</b>	<b>14 889</b>	<b>Economic Housing</b>	<b>-</b>	<b>179 857</b>	<b>(179 857)</b>	<b>-</b>
14 889	-	14 889	Economic Housing	-	179 857	(179 857)	-
<b>13 762 896</b>	<b>13 422 087</b>	<b>340 808</b>	<b>Trading Services</b>	<b>15 549 661</b>	<b>13 113 148</b>	<b>2 436 513</b>	<b>5 854 155</b>
10 976 310	9 777 586	1 198 724	Electricity	12 344 617	11 138 988	1 205 629	5 042 711
2 786 586	3 644 502	(857 916)	Water	3 205 044	1 974 160	1 230 884	811 444
<b>-</b>	<b>803 657</b>	<b>(803 657)</b>	<b>Vehicle Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
-	803 657	(803 657)	Motor Vehicle Distribution Accounts	-	-	-	-
<b>47 916 876</b>	<b>68 962 981</b>	<b>(21 046 106)</b>	<b>Total</b>	<b>55 484 820</b>	<b>62 271 114</b>	<b>(6 786 294)</b>	<b>7 294 464</b>
		<u>(2 578 634)</u>	Appropriations for the year (Refer to note 16)			<u>(9 603 474)</u>	
		(23 624 740)	Net Surplus for the Year			(6 786 294)	
		<u>15 458 221</u>	Accumulated surplus/(deficit) at the beginning of the year			<u>(8 166 519)</u>	
		<u><b>(8 166 519)</b></u>	<b>Accumulated Surplus/(Deficit) at the end of the year</b>			<u><b>(24 556 287)</b></u>	

# VENTERSDORP LOCAL MUNICIPALITY

30 June 2007

## APPENDIX F

	<u>2007</u>	<u>2006</u>
<b>GENERAL STATISTICS</b>		
Number of registered voters	18 751	18 751
Number of workers employed	193	193
<b>Valuations</b>		
Total valuation	<u>112 414 500</u>	<u>112 414 500</u>
Taxable	<u>102 555 500</u>	<u>102 555 500</u>
Non-taxable	9 859 000	9 859 000
Date of valuation	Julie 1999	
<b>Number of stands</b>		
Residential	4 686	4 686
Bussiness	152	152